

Via Electronic Mail and FedEx

October 5, 2022

Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: **2022 Gas Cost Recovery Filing - Docket No. 22-20-NG**

Dear Ms. Massaro:

Please accept this letter as the response of The Narragansett Electric Company d/b/a Rhode Island Energy¹ to the Direct Testimony of Jerome D. Mierzwa on behalf of the Rhode Island Division of Public Utilities and Carriers' (the "Division").

Mr. Mierzwa's testimony expresses agreement with several aspects of the Company's Gas Cost Recovery ("GCR") filing in this docket. Specifically, the Division and Company appear to be in agreement with respect to: (i) the implementation and calculation of incentives under the Natural Gas Portfolio Management Plan and Gas Procurement Incentive Plan; (ii) the allocation of the incremental fixed costs of planning for design hour customer requirements to the System Pressure Factor of the Distribution Adjustment Charge ("DAC"); and (iii) the continued tracking of incremental variable costs incurred to meet design hour customer requirements and the allocation of those costs to the System Pressure Factor of the DAC if significant.

The Division has recommended that the Company evaluate its analysis regarding the design day standard of 68 Heating Degree Days and present the results of that evaluation in its Gas Long Range Resource and Requirements Plan ("LRP") to be filed in June 2023. The Company will undertake this evaluation as recommended. However, the Company notes that any review of the design day standard will also need to consider operational factors (e.g., pipeline transmission capacity constraints, especially on the fully subscribed Algonquin G Lateral) and market dynamics (e.g., gas supply and price pressures observed in global liquified natural gas

¹ "Rhode Island Energy" or the "Company".

October 5, 2022

Page 2

markets – please see the Pre-Filed Direct Testimony of Paul J. Hibbard). These operational and market considerations are an important component of the Company’s analysis of the design day standard. Please note that the design day planning standard is the critical planning criterion for developing the Company’s gas supply portfolio and is determinative of the overall reliability of that portfolio and the ability of the Company to meet customer requirements during extreme cold weather conditions. In addition, the design day planning standard sets the planning criterion for the distribution system. The Company agrees with Mr. Mierzwa’s observation that local gas distribution companies typically plan to “meet the daily, winter season, and annual requirements of [] planning load customers under extreme weather conditions...” and that “the most critical of these three planning criteria are daily requirements.”² The Company will undertake its evaluation of the design day standard with this in mind, and hopes to involve the Division in the process so that it may share the results of the evaluation with the Division prior to the filing of the LRP in June 2023, at which point the Company’s 2023/24 winter planning will already be underway.

The Division also recommends that the Company update its calculation of GCR rates to account for any changes in NYMEX pricing occurring after the reference date (August 5, 2022) used to calculate the proposed GCR factors and present the results in its rebuttal to the Division’s September 29, 2022 filing. The recalculation of the proposed GCR factors is a time intensive process that could not be completed in time to be included with this response to Mr. Meirzwa’s testimony. However, the Company has begun a recalculation of the proposed GCR factors using an October 3, 2022 reference date to determine whether this might have a material impact on the proposed GCR factors for the upcoming GCR period.³ The Company will present the results of this recalculation as soon as they are available and in advance of the scheduled October 11, 2022 hearing in this docket.

Very truly yours,



Steven J. Boyajian

Copy to: 22-20-NG Service List

² Direct Testimony of J. Mierzwa, at 8, lines 7-10.

³ Due to hedging activities and advance procurement of gas supplies, a present change in NYMEX prices affects only a fraction of the supply portfolio for the coming GCR year.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.



October 5, 2022

Steven J. Boyajian

**Docket No. 22-20-NG – The Narragansett Electric Co. d/b/a Rhode Island Energy – 2022 Annual Gas Cost Recovery Filing (GCR)
Service List as of 10/5/22**

Name/Address	E-mail	Phone
The Narragansett Electric Company d/b/d Rhode Island Energy Jennifer Brooks Hutchinson, Esq. 280 Melrose Street Providence, RI 02907	jhutchinson@pplweb.com ;	401-784-7288
	cobrien@pplweb.com ;	
	jscanlon@pplweb.com ;	
Steven Boyajian, Esq. Robinson & Cole LLP One Financial Plaza, 14 th Floor Providence, RI 02903	SBoyajian@rc.com ;	401-709-3337
	lpimentel@rc.com ;	
National Grid 40 Sylvan Road Waltham, MA 02541 Samara Jaffe Elizabeth Arangio Megan Borst Ryan Scheib John Protano Theodore Poe Michael Pini Shira Horowitz	Samara.Jaffe@nationalgrid.com ;	
	Elizabeth.Arangio@nationalgrid.com ;	
	Megan.borst@nationalgrid.com ;	
	Ryan.Scheib@nationalgrid.com ;	
	John.Protano@nationalgrid.com ;	
	Theodore.Poe@nationalgrid.com ;	
	Michael.Pini@nationalgrid.com ;	
Shira.Horowitz@nationalgrid.com ;		
Division of Public Utilities (DIV) Leo Wold, Esq. Division of Public Utilities 150 South Main St. Providence, RI 02903	Leo.wold@dpuc.ri.gov ;	401-780-2177
	John.bell@dpuc.ri.gov ;	
	Al.mancini@dpuc.ri.gov ;	
	Margaret.L.Hogan@dpuc.ri.gov ;	
	Paul.roberti@dpuc.ri.gov ;	
	Thomas.kogut@dpuc.ri.gov ;	
	Machacla.Seaton@dpuc.ri.gov ;	
	Michelle.Barbosa@dpuc.ri.gov ;	
egolde@riag.ri.gov ;		

Jerome Mierzwa Exeter Associates, Inc. 10480 Little Patuxent Parkway, Suite 300 Columbia, MD 21044	jmierzwa@exeterassociates.com ;	
RI Attorney General Office Nicholas Vaz, Esq. 150 South Main St. Providence, RI 02903	nvaz@riag.ri.gov ;	
	egolde@riag.ri.gov ;	
Office of Energy Resources Christopher Kearns Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861	Christopher.Kearns@energy.ri.gov ;	
	jkeoughjr@keoughsweeney.com ;	
File an original & nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	Patricia.lucarelli@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
	Emma.rodvien@puc.ri.gov ;	
James Crowley, Esq. Conservation Law Foundation	jcrowley@clf.org ;	